

February 4, 1975

PRESIDENT: Senator George, do you wish to speak to your amendment?

SENATOR GEORGE: Mr. President, members of the Legislature, since the reasons for my amendment are already stated in the Urban Affairs Committee statement, I don't think it needs any further explanation. I just would like to remove the doubts in the minds of some City Councilmen that whenever they receive only one bid, they can go ahead and accept it, if they want to. Thank you.

PRESIDENT: Senator Duis. Senator Bereuter.

SENATOR BEREUTER: Mr. President, could the Clerk repeat the amendment please.

CLERK: The amendment is as follows: on page 4, line 7, after the word "receives", strike "no", and insert "fewer than two". On page 6, line 10, after "receives", strike "no", and insert "fewer than two".

PRESIDENT: Is there any further discussion? We are voting on the George amendment to LB 171. Record your vote. Have you voted? Record Mr. Clerk.

CLERK: 32 ayes, 0 nays, 17 not voting.

PRESIDENT: The amendment is adopted. Senator Cavanaugh.

SENATOR CAVANAUGH: I have a question of Senator Stoney.

SENATOR STONEY: Yes, Senator Cavanaugh.

SENATOR CAVANAUGH: Senator Stoney, regarding the escalation clause, on page 4, line 17 and 18, "such escalation clause shall reflect a reasonable and necessary relationship to the current market trends." My question is, and I don't know much about escalation clauses in contracts such as these, I assume that the present state of law is that governmental entities cannot enter into contracts with escalation clauses?

SENATOR STONEY: That's correct.

SENATOR CAVANAUGH: OK. Would it be wise, rather than the vague language here of reflecting current trends, to put a limit on the amount of the escalation clause relative to the contract? Could that be done practically, or do you know?

SENATOR STONEY: Well, I think it's a possibility. But, once again, I think you questioned the integrity of those that are making these decisions. I think it's difficult, Senator Cavanaugh, to place a dollar amount in an escalation clause.

SENATOR CAVANAUGH: Well I wasn't necessarily thinking of a dollar amount. I was thinking of reflecting some percentage maximum of the contract. For example, would it be reasonable to say, in no case shall said escalation clause exceed ten percent of the entire contract?

SENATOR STONEY: I would say that this would be acceptable, ten or fifteen percent.